

**BEFORE THE THE STATE OF NEW HAMPSHIRE**

**PUBLIC UTILITIES COMMISSION**

**In the matter of:** )  
**Public Service Company of New Hampshire** ) **DE 03-200**  
**Permanent Rate Increase** )

**Direct Prefiled Testimony**

**Of**

**Kenneth E. Traum**  
**Assistant Consumer Advocate**

*Dated: May 28, 2004*

**OFFICE OF CONSUMER ADVOCATE**

**TESTIMONY**

**DE 03-200; PSNH Permanent Rate Case**

1   **Q.     Please state your name, business address and position.**

2   A.     My name is Kenneth E. Traum. I am the Assistant Consumer Advocate for the Office of  
3           Consumer Advocate (OCA), which is located at 117 Manchester Street, Concord, New  
4           Hampshire 03301. I have been affiliated with the OCA for approximately 15 years. My resume  
5           is included as Attachment 1 herein.

6   **Q.     As of the time of this filing, does the OCA have a final recommendation on PSNH's revenue**  
7           **requirement or rate levels?**

8   A.     Not a final one, as we are awaiting the PUC Staff testimony, primarily on depreciation and the  
9           results of the Staff audit. On a preliminary basis we are recommending a reduction from current  
10          rate levels of \$20,146,971 and a TCAM (transmission cost adjustment mechanism) with an  
11          estimated initial revenue requirement, per PSNH estimates of \$6,416,000, for a net reduction of  
12          \$13,730,971.

13   **Q.     Please provide a brief summary of the Company's filing?**

14   A.     PSNH is requesting a \$21 million increase in its T&D rates or approximately 10.4%.  
15          Viewed as an increase on total rates it is approximately 2.5%  
16          The timing of the filing was mandated by RSA 369-B and the Restructuring Settlement.  
17          PSNH is proposing to increase rates essentially by an equal percentage across the board  
18          in order to recover the claimed shortfall.  
19          Lee Smith of La Capra Associates will be addressing the rate design/class cost of service  
20          issues in her testimony on behalf of the OCA while I will be addressing the overall  
21          revenue requirement.

1     **Q.     What is the test year in this case?**

2     A.     Technically it is the 12 months ended 6/30/03, but PSNH has blurred that by the volume  
3           of proforma adjustments it made to rate base, capitalization, expenses, and in part  
4           revenues for the 12 months following 6/30/03.

5     **Q.     Did PSNH properly match revenues, expenses, and investment (rate base)?**

6     A.     No. For example, PSNH witness R.A. Baumann's Schedule 3 Attachment, page 2 of 9  
7           shows he proformed rate base for Plant Additions forecast to be made as late as the  
8           quarter ending June 30, 2004. Not only are those amounts not known and measurable, in  
9           violation of the anti-CWIP statute since temporary rates were in effort prior to these  
10          assets going into service, but PSNH ignored the additional revenues earned or sales  
11          growth since the end of the test year or even annualizing the sales growth during the test  
12          year while recognizing the investment and expenses sides of the equation.

13          PSNH in its response to Staff -113 stated:

14          "Further, the practice of allowing adjustments to utility's historical test year figures is  
15          well-established in this jurisdiction. In the Public Service Co. of New Hampshire v. New  
16          Hampshire, 102 N.H. 150, 163, 30 PUR3d 61, 72, 153 A.2d 801 (1959), the Supreme  
17          Court stated as follows: '...The test year is designed to produce and index to the  
18          deficiencies in earnings which the Company will probably encounter in the immediate  
19          future, as indicated by actual operations in the known and recent past. To the extent that  
20          test-year figures can be accurately pro-formed to reflect established and current changes  
21          in revenues or expenses, modification of test-year figures is considered appropriate.'"

22          Even the Supreme Court's wording in the decision cited by PSNH includes recognition of  
23          revenue changes.

24

1 **Q. How can that mismatch be corrected?**

2 A. I see two ways. One is by recognizing the sales growth over the same period for which  
3 expenses, rate base, and capitalization have been proformed. Based on PSNH's response  
4 to Technical Session TS-02, Q-TS-005 (Attachment 2) and TS-05, Q-TS-007  
5 (Attachment 3) I calculated the appropriate annualized adjustment for growth in sales  
6 (excluding CVEC) to be approximately 3.6 % over the test year. That corresponds to a  
7 revenue adjustment of about \$7,800,000, assuming average revenue of 2.93¢/kwh. (Hall  
8 testimony, p. 5 line 16)

9 I don't recommend this approach as it includes too many forecasts as opposed to actuals  
10 which have undergone greater scrutiny and are known and measurable.

11 Another reason to keep forecasted figures out of the test or rate year analysis can clearly  
12 be seen by comparing PSNH's return on common equity from Delivery Service revenues  
13 over different time periods. PSNH's 12/29/03 Petition for Temporary Rates in this  
14 docket stated that 13.076% was the test year return on common equity from Delivery  
15 Service revenues. The petition went on to say "The results of its pro-formed cost of  
16 service study show PSNH earning only 4.308% return on common equity on its Delivery  
17 Service investment."

18 As compared to these dire forecasts regarding how rapidly PSNH's return on equity  
19 would decline after 6/30/03 without a rate increase, actual results are available through  
20 12/31/03. Based on response to Staff-011, page 2 of 5 (Attachment 4) PSNH's  
21 consolidated ROE for the 12 months ended 12/31/03 was 13.00%, showing almost no  
22 sign of a decline. And while at this time I only have an NU earnings report for the 1<sup>st</sup>  
23 quarter of 2004 compared to the 1<sup>st</sup> quarter of 2003, it indicates that PSNH had higher  
24 earnings when comparing those quarters. Again, this contradicts PSNH's forecasted  
25 significant decline in earnings.

1     **Q.     What is the second method you could use to eliminate the mismatch in PSNH's**  
2     **filing?**

3     **A.**     That is to stick much more closely to matching the time frame for rate base (investment),  
4             expenses, and revenues.  
5             For instance by not proforming revenues/sales for growth beyond the end of the test year  
6             and not even annualizing such to recognize sales/customer growth during the test year  
7             ended 6/30/03, and not proforming for rate base/capitalization or expense changes. The  
8             exceptions would be only for items inappropriately included in the test year or previously  
9             mandated by the Restructuring Settlement, or other Orders. I would label this approach  
10            the pure test year approach.

11    **Q.     Which of the two options have you adopted in this docket?**

12            Because of the significant sales growth since the end of the test year, and the temporary  
13            rate date and the actual ROE earned post the test year, I decided to utilize option 2, the  
14            pure test year approach.

### **Cost of Capital**

15    **Q.     Consistent with your preferred approach on matching revenues, expenses, rate base,**  
16    **and investment what point in time are you using for setting the Capital Structure?**

17    **A.**     I used June 30, 2003, the last day of the test year as shown on PSNH witness McHale's  
18             table DRM-6, actual.

19             Common Equity           \$337,902,000

20             Long Term Debt           \$407,285,000

21             Short Term Debt          \$63,800,000

22             Capitol Leases           0                   (here I have accepted PSNH's approach)

23             Total:                   \$808,987,000

24    **Q.     Why did you include Short Term Debt?**

1 A. Besides the fact that it was actually outstanding on 6/30/03, as one can see in Attachment  
2 5, data response NSTF-01, Staff-029, page 2 short term debt is an integral part of PSNH's  
3 capitalization and has been for years.

4  
5 **Q. Did you add the 6/30/03 balance of customer deposits to the total capital?**

6 A. Yes, because that amount \$3,939,000 represents another source of funds, namely loans  
7 albeit forced ones, from customers.

8 **Q. Why shouldn't the date for adoption of a Capital Structure be proformed to**  
9 **something more current?**

10 A. It could be as long as sales/customer growth was likewise adjusted. The test year concept  
11 is to match investment/capital structure with the same period for which that investment is  
12 generating revenues/sales.

13

14 **Q. What cost did you assign to Common Equity?**

15 A. I am not presenting myself as a cost of equity expert in this area and since the OCA  
16 didn't have enough funds in its budget to retain an expert, I used 9.52% as a proxy based  
17 upon the following:

18 1.) In the 2003 docket 03-07-02, the Connecticut Commission found the cost  
19 of common equity for PSNH's sister company CL&P to be 9.85% (Attachment 6)

20 2.) In DT 02-110, Order #24,265 dated January 16, 2004 for Verizon New  
21 Hampshire this Commission found Verizon's cost of equity for retail activities to be  
22 9.82%. The 9.82% was slightly higher than the 9.48% ultimately recommended by the  
23 OCA and 9.58% by NHPUC Staff. While I have included Verizon retail in this proxy, I  
24 believe they are somewhat riskier than PSNH's operations involved in this providing due  
25 to potential competition from cable, cell phones, etc.

1                    3.)        In DT 01-221, Order #24,281, dated February 20, 2004 for Kearsarge  
2        Telephone Company, a subsidiary of TD&S this Commission found the cost of equity to  
3        be 8.89%. This company maybe less risky than Verizon due to the generally rural, and  
4        thus less attractive nature of their franchise territory to potential competitors.

5

6        I simply averaged those three decisions as my proxy.

7

8        **Q.        Does the 9.52% take into account your later recommendation regarding PSNH's**  
9        **proposed transmission cost recovery mechanism?**

10      A.        No. Adoption of PSNH's proposal would lower PSNH's stockholder risk and thus  
11        should result in a reduction in ROE I address that specific adjustment under the  
12        Transmission section of this testimony.

13

14      **Q.        What cost did you use for Short Term Debt?**

15      A.        Based on the response to OCA-015-SP01, Attachment 7, I used the average cost for June,  
16        2003 as provided by PSNH of 1.49%.

17

18      **Q.        What cost did you use for Long Term Debt?**

19      A.        I used 4.131% based upon the following.

Series	Amount Outstanding	Net Cost to Maturity	Annual Cost	Total Cost
D	\$75,000,000	6.242%	\$4,681,500	
E	\$44,800,000	6.233%	\$2,792,384	
A	\$89,250,000	1.340%	\$1,195,950	
B	\$89,250,000	1.532%	\$1,367,310	
C	108,985,000	6.229%	\$6,788,676	

	407,285,000		\$16,825,820	4.131%
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1

2 The amount of each debt issue outstanding as of 6/30/03 is shown on Attachment 8, while  
3 the net cost to maturity I used came from Baumann's Schedule V, page 2 of 4.

4

5 **Q. What cost did you use for Customer Deposits?**

6 A. 4.25% which was the Commission established interest rate on customer deposits as of  
7 6/30/03.

8

9 **Q. What is the OCA's overall recommended cost of capital?**

10 A. It is 6.17% as calculated in the following table:

		% of Capital Structure	Cost	Weighted Cost
Common Equity	\$337,902,000	41.6%	9.52%	3.96%
Long Term Debt	\$407,285,000	50.1%	4.13%	2.07%
Short Term Debt	\$63,800,000	7.8%	1.49%	.12%
Customer Deposits	\$3,939,000	.5%	4.25%	.02%
Total:	\$812,926,000	100%		6.17%

### **Rate Base**

11 **Q. Consistent with your preferred matching concept please discuss rate base.**

12 A. For rate base purposes my starting point is \$486,513,000 which is the actual  
13 test year average rate base provided by Mr. Baumann. Consistent with not  
14 recognizing growth post the test year in customer sales and assets which will



1 produce additional sales, I didn't accept his proforma adjustments in total.

2 **Q. Consistent with your handling of expense amortizations based on the**  
3 **prior Commission Order on the Restructuring Settlement with regards to**  
4 **Major storms, RRB, Environmental Remediation and FASB109**  
5 **amortizations how did you adjust rate base?**

6 A. I included all of Mr. Baumann's proforma rate base adjustments related to  
7 those items he included under regulatory assets and accumulated deferred  
8 taxes for a net adjustment of \$3,023,000 (\$7,158-2,354 - 2,994 + 1,213), but  
9 not American Tissue as explained later.

10

11 **Q. Did you adopt Mr. Baumann's proposed 3 year amortization period for**  
12 **all 4 amortizations?**

13 A. For consistency I did, but I should add that in other dockets the FASB109 costs  
14 were recovered over longer than 3 years.

15

16 **Q. Is there one other adjustment you would make to rate base related to**  
17 **Energy Park, and other PSNH updates?**

18 A. Yes. Post the original filing PSNH has reduced these accounts, due to  
19 replacing estimates with actuals by a net amount of \$1,886,000.

20

21 **Q. What rate base have you used?**

22 A. \$481,604,000 (\$486,513,000-3,023,000-1,886,000)

23

1 **Revenues**

2 **Q. The test year distribution revenues as shown in Mr. Baumann's schedule**  
3 **1; page 1 of 3 was \$220,026,000. Are you proposing using that figure or**  
4 **proforming it in any way?**

5 A. Consistent with the rest of my testimony, I am not proposing adjusting for post  
6 test year revenue changes due to sales growth, changes in special pricing, resale  
7 interconnection and delivery, the change in late payment charges during the test  
8 year, or the much higher post test year revenues from FPL Energy Seabrook  
9 LLC.

10  
11 **Expenses**

12 **Q. On Schedule 1, page 1 of 3 Mr. Baumann lists actual test year distribution**  
13 **operating expenses of \$179,241,000. Consistent with your matching**  
14 **principle, do you propose making any adjustments to that total?**

15 A. I propose just a few related to amortizations required by the Restructuring  
16 Settlement and Order, and costs incorrectly booked in the test year. I will also  
17 comment on several other items; i.e., American Tissue Mills, charitable  
18 contributions, personal use of an NU leased airplane, and Officers/Directors  
19 Liability Insurance.

20  
21 **Q. Please start with Major Storm costs.**

22 A. The Restructuring Settlement Agreement established a reconcilable reserve for  
23 this cost funded at \$250,000 monthly over the 33 month initial Delivery  
24 Charge Period. PSNH ended the 33 month period with a reserve balance of

1 \$6.1 million after having spent \$2.2 million. They are proposing to return the  
2 \$6.1 million over 3 years, which the OCA accepts. Our disagreement is that  
3 on a going forward basis PSNH wants to continue collecting \$250,000/month  
4 or \$3 million annually from ratepayers for Major Storm expenses even though  
5 they expended around \$800,000 annually over the last 33 months. Since this  
6 account will continue to be separately reconciled, the OCA recommends  
7 reducing the amount to be included in base rates by \$2,000,000 annually to  
8 \$1,000,000 which is still higher than the average cost over the past 33 months.  
9

10 **Q. Similar to the Major Storm Reserve did the Restructuring Settlement**  
11 **establish an RRB Servicing Revenue reserve which must now be returned**  
12 **to customers?**

13 A. Yes and the OCA agrees with PSNH's proposal to return it at \$1,251,000  
14 annually.  
15

16 **Q. Did the Restructuring Settlement also establish an Environmental**  
17 **Remediation Reserve?**

18 A. Yes. It is my understanding that Settlement established a reserve of \$11.5  
19 million related to specific sites, of which approximately \$6.5 million was left  
20 at the end of the test year to cover completion of cleaning up those sites. See  
21 Attachment 9, OCA-062. The OCA supports that approach.

22 In addition, PSNH has accrued and deferred an additional \$7.1 million post  
23 competition date for which it is requesting amortization over 3 years.

24 Assuming the PUC Audit Staff has reviewed these costs and timeframes for

1 expenditure and agrees, so does the OCA. This would represent a proforma  
2 adjustment of \$2,544,000.

3  
4 **Q. Does the FASB 109 amortization fit the same model as the prior items?**

5 A. Yes, and PSNH is requesting a 3 year amortization amounting to \$2,081,000  
6 annually with which the OCA agrees subject to PUC Audit Staff sign off.  
7 However as I have mentioned previously, while supporting the 3 year time  
8 frame for consistency with the other proposed amortizations, it is shorter than  
9 FASB109 amortization period this Commission has allowed for other utilities.

10  
11 **Q. Was the \$44,000 amortization related to Wausau Papers also included per  
12 Commission Order?**

13 A. Yes, that is my understanding.  
14

15 **Q. Did you include the proforma adjustment of \$1,022,000 for the NHPUC  
16 Regulatory Assessment?**

17 A. Yes because I viewed that as based on PSNH's test year results and beyond the  
18 company's control.

19  
20 **Q. Why didn't you recognize the American Tissue, Inc. bankruptcy costs for  
21 inclusion in rates?**

22 A. It is my understanding the bankruptcy occurred on September 10, 2001, which  
23 predated the test year, and not only predated the test year but occurred during  
24 the 33 month fixed rate period where the Restructuring Settlement Agreement

1 set out several specific costs for special treatment; major storms;  
2 environmental remediation etc. but not bad debt expense.

3 To now single out this item which didn't even occur in the test year for special  
4 treatment is single issue ratemaking. If one were to do that you should also go  
5 back and look at PSNH's earnings for 2001 and return any over earnings.

6  
7 **Q. If the Commission eventually decides these costs are recoverable in this**  
8 **proceeding, should they be a cost assigned in part or total to the**  
9 **residential class?**

10 A. No, these costs should not be assigned to the Residential class, as addressed in  
11 Ms. Smith's testimony.

12  
13 **Q. In Baumann's Schedule 1 Attachment, page 11 of 23 did he indicate the**  
14 **need to make several prior period payroll adjustments?**

15 A. Yes for \$430,000 which I accepted subject to PUC Audit team sign off.

16  
17 **Q. Are you proposing any adjustments related to uncollectible expense**  
18 **reductions due to the EAP program, job eliminations or benefit changes**  
19 **during or post test year?**

20 A. No for the same "slippery slope" reason I have explained earlier. To make  
21 adjustments, even those that would benefit customers would be inconsistent  
22 with my "pure" test year matching concept.

23  
24 **Q. You mentioned adjusting for costs which were incorrectly booked in the**



1           **distribution segment for Directors and Officers liability insurance.**  
2           **Recognizing that this insurance protects shareholders more than ratepayers,**  
3           **because shareholders determine who is on the Board, and the Board selects**  
4           **the Company officers, should shareholders be primarily responsible for the**  
5           **insurance cost, if they wish to acquire insurance to protect their investment?**

6       A.   Yes. Fairness would indicate that shareholders are hedging their bets or reducing  
7           their investment risk by taking out this type of insurance so the costs and benefits  
8           should only flow to them. However where this adjustment hasn't been proposed  
9           previously within a traditional rate case proceeding by the OCA, for now we are  
10          proposing this cost be shared equally between shareholders and ratepayers. It is  
11          our understanding that the Connecticut Commission recently, shared this cost  
12          between ratepayers and stockholders. (Docket 03-07-02, 12/17/03, page 49)

13  
14       **Q. Charitable Contributions in the test year in the amount of \$369,325 were**  
15       **made and PSNH is now seeking rates be raised due to those contributions.**

16       **What is the OCA's long standing position on such contributions?**

17       A.   The OCA takes the position that while it is in the best interests of utilities to  
18           develop goodwill and promote name recognition through charitable contributions,  
19           those charitable contributions should be booked below the line and not recovered  
20           through raising customer rates. Stockholders, through their selected management,  
21           can pick and choose the amount and specific recipients of these contributions.  
22           Ratepayers of the utility's monopoly services do not have this control or flexibility,  
23           and would in effect be forced donors to the charities of the stockholder's or  
24           management's choice. Thus the ratepayers lose their freedom of choice.

1

2       **Q. If residential ratepayers made charitable contributions on their own are**  
3       **those contributions deductible for Federal income tax purposes?**

4       A. Yes, if the taxpayer itemizes.

5

6       **Q. If a residential ratepayer is “forced” to make a charitable contribution**  
7       **through a utility’s base rates, is that contribution tax deductible to that**  
8       **customer?**

9       A. No.

10

11       **Q. In DR 90-183 did the Commission agree with the OCA’s position?**

12       A. Yes. In Report and Order #20,542, dated July 20, 1992, the Commission stated in  
13       its analysis on charitable contributions:

14                “In regard to the issue of the inclusion of charitable contributions in normal  
15                operating expenses the commission finds that these costs should not be borne  
16                by ratepayers. There is no evidence in the record that allows us to conclude  
17                that charitable contributions contribute to the efficient provision of utility  
18                service necessitating their inclusion in normal operating expenses.  
19                Moreover, we believe it would be more appropriate for the ratepayers  
20                themselves to make decisions relative to which charities they believe are  
21                most worthy of their contributions rather than having the Company make  
22                those decisions for them.

23                The commission does not believe it would be appropriate for it to review  
24                each contribution by the Company for a determination as to the worthiness  
25                of the charities' goals or the "acceptability" of its objectives. While the



commission believes that charitable contributions are laudable and necessary for society as a whole, we also believe each individual or entity should have the power to choose which charities deserve their funding or are acceptable to them without that decision being forced upon them by another.”

**Q. Please summarize the result of your Operating Expense adjustments.**

A. They are shown below:

Operating Expenses	\$179,241,000	PSNH figure
Major Storm Amortization	<2,033,000>	
Major Storm Expense Ongoing	<2,000,000>	
RRB Amortization	<1,251,000>	
Environment Remediation Amortization	\$2,544,000	
FASB109 Amortization	\$2,081,000	
NHPUC Regulatory Assessment	\$1,022,000	
Wausau	\$44,000	
Prior Year Payroll Adjustment	\$430,000	
Training Costs	<206,000>	
Small Tools	<40,012>	
Public Liability	<162,859>	
Maine & VT Income Tax	<40,000>	
Xpedior	<6,000>	

EAP Administrative Expense	\$58,000	
Personal Use of Aircraft	<83,265>	
Directors & Officers Liability Insurance	<190,500>	
Tax Adjustment (.40525)	<67,419>	Applied to all items except line 1.

1 The OCA adjusted operating expenses are \$179,340,000

2

3

### **Transmission**

4 **Q. What is your reaction to PSNH's request for a transmission cost adjustment**  
5 **mechanism (TCAM)?**

6 A. The OCA can certainly understand why PSNH would desire such a risk reducing  
7 essentially guaranteed cost recovery clause, but we can not support such a  
8 mechanism unless the lower risk is reflected in the cost of equity determination for  
9 that part of PSNH over which the NH PUC has jurisdiction.

10 The alternative, as the Connecticut Commission ruled on CL & P's similar request,  
11 in Docket 03-07-02 was to reject that adjuster. On page 126 of their decision the  
12 Commission states: "The Company may request rate relief should its FERC-  
13 approved transmission revenue requirement change."

14 The primary reason the OCA feels this alternative is also appropriate is that in future  
15 years when those FERC approved costs may and probably will have increased, other  
16 costs may have decreased or revenues increased, essentially off setting the  
17 transmission cost increases. Approving PSNH's request is allowing single issue  
18 ratemaking for transmission costs. Why not then a similar mechanism automatically  
19 reducing rates to only reflect sales growth?

20 So on balance the OCA supports the TCAM methodology if customers as well as

1 stockholders benefit from the reduced risk to stockholders.

2

3 **Q. By what number of basis points should the Commission reduce the return on**  
4 **equity in order to capture the reduced risk to investors of having a TCAM?**

5 A. Since TCAM costs are forecast to increase by several million dollars a year for the  
6 immediate future, those are the dollars PSNH avoids risk on. Since 100 basis points  
7 on PSNH's ROE corresponds to about \$4 million annually , the OCA believes the  
8 TCAM risk reduction should reduce PSNH's equity by 50 basic points or roughly  
9 half of the benefit they would gain or loss they would avoid due to regulatory lag  
10 and/or single issue ratemaking.

11

12 **Q. Those basis points would reduce the OCA's recommended cost of capital from**  
13 **6.17% to what?**

14 A. 5.96%

15

16 **Q. What is the amount of Transmission costs you have included in your**  
17 **distribution rate calculation?**

18 A. I used the actual test year amount of \$31,933,000 as shown on line 5 of Schedule 1,  
19 page 1 of 3 of Mr. Baumann's schedules. So if a TCAM mechanism was  
20 established and PSNH's forecasts proved current, TCAM would have to recover an  
21 additional \$6,416,000 for the next year.

22 I didn't include the Company's downward adjustment of \$6,226,000 for the transfer  
23 of the 34.5 kv revenue requirement from FERC to NHPUC jurisdiction; under the  
24 assumption the actual revenues/costs will be reconciled through TCAM.

25

26 **Delivery Revenue Requirement**

27 **Q. What does your preliminary calculation of PSNH's Distribution requirements**

1           **indicate?**

2    A.       As shown below, PSNH's rates should be reduced by \$20,146,971

3

Actual Test Year Revenue	\$220,026,000
OCA Test Year Operating Expenses with Adjustment	\$179,340,000
OCA Adjusted Net Operating Income	\$40,686,000

4

OCA Rate Base	\$481,604,000
OCA Rate of Return	5.96%
OCA Required Net Operating Income	\$28,703,598

5

OCA Adjusted Net Operating Income	\$40,686,000
OCA Required Net Operating Income	\$28,703,598
Excess NOI	\$11,982,402
OCA Required Revenue Reduction <sup>1</sup>	\$20,146,971

6

7    **Q.       Does this complete your testimony?**

8    A.       Yes, recognizing that I haven't addressed PSNH's depreciation study and don't have  
9           access to all of the findings of the PUC Staff Audit.

---

<sup>1</sup> Used PSNH tax factor of 1.68138